



MTC SALES TAX SIMPLIFICATION COMMITTEE TELECONFERENCE

**WEDNESDAY, MARCH 29, 2000
1:00pm to 2:00pm EST**

MINUTES

I. Welcome and Introductions

Wayne Eggert, Committee Chair, called the meeting to order. The following individuals participated in the teleconference:

NAME	STATE/ORGANIZATION
Wayne Eggert, Committee Chair	National Tax Association
Charles Collins	North Carolina Department of Revenue
Frank Davis	Tax Executives Institute
Richard Dobson	Kentucky Revenue Cabinet
Carol Fischer	Missouri Department of Revenue
Jeff Graybill	California Board of Equalization
Jerry Knight	South Carolina Department of Revenue
Valerie Laughlin	Ohio Department of Taxation
Tim Leadbeater	Florida Department of Revenue
Vince Magnacca	Goodyear Tire & Rubber Company
Freda Orendt-Evans	California Board of Equalization
Clay Seth	Wisconsin Department of Revenue
Mona Shoemate	Texas Comptroller of Public Accounts
Dale Steager	West Virginia Department of Tax and Revenue
Warren Townsend	Committee on State Taxation
David Villarreal	Arthur Andersen
Charles Wilson	DC Office of the Chief Financial Officer
Quentin Wilson	Missouri Department of Revenue
René Blocker	Multistate Tax Commission
Jason Lumia	Multistate Tax Commission

II. Public Comment Period

There was no public comment.

III. Reports on Progress of State-Specific Simplification Subcommittees and Development of Reporting Plan for Subcommittees

Previously, States were assigned to Steering Committee members roughly by region. The Steering Committee members and the States they will monitor are:

Name	State
Frank Davis	DC, MD, NC, SC, VA
Wayne Eggert	AL, MA, NJ, PA, RI
Bruce Johnson	AZ, CO, NM, UT, WY
Fred Kiga	CT, ID, ME, VT, WA, WI
Norman Lobins	IN, KY, MI, MN, OH, WV
Wilma Murphree	HI, LA, NV, OK
Jerry Orr	AR, CA, FL, GA, MS
Mona Shoemate	ND, NY, SD, TN, TX
Quentin Wilson	IA, IL, KS, MO, NE

Wayne Eggert reported that Rhode Island convened a meeting of their state subcommittee in December, which has initiated targeting policies and practices for simplification. It was also conveyed that Alabama is looking to simplify compliance measures by utilizing the Internet.

Vince Magnacca reported that Ohio has identified an extensive list of simplification initiatives to pursue in the State, which includes, but is not limited to, statutory changes, administrative rule changes, current law/practices, and any changes entailing an accompanying revenue impact. The subcommittee is currently focusing on simplifying the frequency and required notice of tax rate changes with the local governments in Ohio.

The group was informed by Quentin Wilson that the States of Illinois, Kansas, and Missouri have introduced legislation regarding their participation in the Streamlined Sales Tax Project.

Mona Shoemate reported that Texas has identified a number of issues to pursue in the State, which are categorized into those requiring administrative changes and those requiring legislative changes. There is a growing interest in simplifying the definition of "food" in Texas and possibly modeling the definition after the federal "food stamp" definition. A subcommittee is being established to analyze this issue.

Frank Davis notified the participants that Virginia has recently commenced with an on-line registration program and is launching an Internet filing program on a small group basis. Taxpayers are now able to calculate their Virginia tax bills on-line as well.

Legislation has been introduced in North Carolina that would, among other things, simplify the frequency and required notice of tax rate changes, sourcing rules, and provide for good faith provisions. Charles Collins also mentioned that the State plans to begin working with telecommunications companies to simplify the structure and administration of telecommunications taxes.

Tim Leadbeater explained that due to the large amount of fraudulent resale activity that Florida has witnessed with respect to its multijurisdictional certificate, the State has instituted a new policy, which entails annually updating information. Florida will continue to accept the multijurisdictional certificate for exemption purposes.

Lastly, it was announced that Jerry Orr of Wal-Mart (representing COST) has retired since the last teleconference held in January. Warren Townsend, who will continue to represent COST on the Sales Tax Simplification Committee, has replaced Mr. Orr.

IV. Work of Committee and Task Forces on Implementation of Simplification Ideas

Exemption Processing Tax Force

There was no update available at this time.

Situs Task Force

Dave Villarreal provided a report on the activities of the Situs Task Force for the Task Force Chairperson, Wilma Murphree, who was unable to participate in this teleconference. Mr. Villarreal reported that a meeting of the Situs Task Force, which is comprised of individuals from the private, public, and academic sectors, was conducted earlier in the week. The Task Force is identifying "middle-of-the-road" situsing language and will begin drafting model legislation for the Steering Committee. A subsequent teleconference is currently scheduled for next week. Wayne Eggert requested that a report of any recommendations be submitted by mid-July so that they may be presented at the MTC's Annual Meeting during the last week of July.

Refund Claim Process Task Force

There were no updates available at this time.

V. Update on Work of Related Projects of Other Organizations

Streamlined Sales Tax Project

Representatives of 26 States currently working on the Streamlined Sales Tax Project will meet again on Thursday and Friday of this week in Denver to continue discussions on the formation and implementation of a new sales tax system.

The Streamlined Sales Tax Project is an effort created by the governments of the States. The purpose of the project is to develop a new, simpler sales tax system that meets the needs of the existing and new economy. Issues including simplification, uniformity, privacy, and incorporating technology into the collection process are the primary focus of the project.

At the meeting in Denver, the *Structure and Operating Rules* governing the Project will be adopted and the Chairpersons for the Steering Committee and the Work Groups will be appointed. A public comment period is provided at each of the project meetings at which time members of the general public may address the project on relevant issues. Individuals and companies interested in learning more about the upcoming meeting and requirements to participate can obtain information from the project web site at <http://www.streamlinedsalestax.org>.

Advisory Commission on Electronic Commerce (ACEC)

The group was informed that the ACEC concluded its meetings in Dallas on March 20th and 21st. While a number of issues and proposals were discussed and deliberated throughout the duration of the Commission's activities, the ACEC was unable to attain the Congressionally-mandated super-majority of 13 votes necessary to submit any formal policy recommendation to Congress as most proposals were only able to garner a simple majority of 11 votes. The proposals that attained support by way of a simple majority, however, will in fact be included in the Advisory Commission's Final Report to Congress as "findings" of the Commission, but not as official policy recommendations. The 19 Commissioners are scheduled to meet via teleconference on March 30th to approve the Final Report that is statutorily required to be submitted to Congress by April 21st.

{Ed. Note: By a simple majority vote of 10 – 8 (with one Commissioner absent), the Commissioners approved the Final Report for its submittal to Congress.}

VI. Additional Steps and Topics to Accomplish Committee's Purpose

It was noted that communication among the States and recognition of outstanding simplification efforts are vital to the success of overall sales tax simplification. As such, it was requested that additional energy be dedicated to recognizing the simplification efforts that States are pursuing to enhance simplification support and to make others aware of these important on-going activities as well.

The States and businesses are asked to submit any illustrations of sales tax simplification progress and accomplishments to MTC staff so that the clearinghouse of information can be established. The MTC will begin posting these documents on the MTC website at <http://www.mtc.gov>. Please forward submissions to both Wayne Eggert (Committee Chair) at wgeggert@lucent.com and René Blocker at rblocker@mtc.gov.

VII. Future Meeting Plans

The next teleconference of the Committee will be held Wednesday, May 31, 2000, at 3:00pm Eastern Daylight Time.

{Ed. Note: The date of the next teleconference has been changed and will now be held Wednesday, June 14, 2000, at 3:00pm Eastern Daylight Time.}

VIII. Adjournment